

## Message Text

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ORIGIN EB-08

INFO OCT-01 NEA-10 ISO-00 CAB-05 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 PM-05  
NSC-05 SP-02 SS-15 H-02 /066 R

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APPROVED BY EB/AN:RABROWN

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-----037835 241758Z /45

R 241607Z JUL 78  
FM SECSTATE WASHDC  
TO AMEMBASSY TEL AVIV

UNCLAS STATE 186133

E.O. 11652: N/A

TAGS: EAIR, IS

SUBJECT: CIVAIR: AD REFERENDUM AGREEMENT

1. MEMORANDUM OF CONSULTATIONS SIGNED JULY 18 (TEXT  
POUCHED) RECOMMENDED THAT A PROTOCOL AMENDING THE AIR  
TRANSPORT AGREEMENT OF 1950 BE APPROVED AND SIGNED BY  
THE TWO GOVERNMENTS. PRINCIPAL PROVISIONS OF THE PROTOCOL  
ARE AS FOLLOWS:

(A) DESIGNATION: MULTIPLE DESIGNATION OF AIRLINES BY BOTH  
PARTIES IS CONFIRMED AND INCLUDES THE DESIGNATION OF  
AIRLINES TO PROVIDE CHARTER SERVICES.

(B) ROUTES: US ROUTE IS EXPANDED TO INCLUDE ANY INTER-  
MEDIATE OR BEYOND POINTS. ISRAELI ROUTE: ISRAEL VIA  
CURRENT INTERMEDIATE POINTS PLUS ROMANIA, SPAIN AND  
PORTUGAL TO NEW YORK AND FOUR ADDITIONAL POINTS IN THE US  
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OF ISRAEL'S CHOICE (ONLY TWO THESE FOUR MAY BE SERVED  
UNTIL AUGUST 1, 1979) AND BEYOND FROM ONE SPECIFIED US  
POINT TO MEXICO CITY AND FROM ANY SPECIFIED US POINTS  
TO SOUTH AMERICA AND ASIA, WITHOUT TRAFFIC  
RIGHTS ON THESE BEYOND SEGMENTS.

(C) CHARTERS: THE PROTOCOL PROVIDES BOTH PARTIES WITH

VIRTUALLY FREE ACCESS TO THE TERRITORY OF THE OTHER

PARTY FOR THE OPERATION OF CHARTERS, SUBJECT ONLY TO COMPLIANCE WITH THE RULES OF THE COUNTRY OF ORIGIN OF THE TRAFFIC.

(D) FAIR COMPETITION IS RECOGNIZED AS A DESIRABLE CONSUMER BENEFIT AND THE PROTOCOL DENIES EITHER PARTY THE RIGHT TO LIMIT VOLUME, FREQUENCY OR AIRCRAFT TYPE OR TO IMPOSE FIRST REFUSAL REQUIREMENTS OR OTHER RESTRICTIONS ON CAPACITY INCONSISTENT WITH THE PURPOSES OF THE PROTOCOL. SECTIONS IV, V, VI, VII AND VIII OF THE ANNEX TO THE AIR TRANSPORT AGREEMENT ARE DELETED.

(E) FARES, RATES AND PRICES: THE PROTOCOL RECOGNIZES THE BENEFIT OF LOW FARES AND VARIETY OF SERVICE OPTIONS. FARES SHOULD BE SET BY AIRLINES BASED ON COMMERCIAL CONSIDERATIONS IN THE MARKET PLACE WITH GOVERNMENTAL INTERVENTION LIMITED TO THE PREVENTION OF PREDATORY, OR DISCRIMINATORY PRACTICES, PROTECTION OF CONSUMERS FROM ABUSE OF MONOPOLY POSITION AND PROTECTION OF AIRLINES FROM PRICES ARTIFICIALLY LOW BECAUSE OF DIRECT OR INDIRECT GOVERNMENTAL SUPPORT. UNTIL AUGUST 1, 1979, EITHER PARTY MAY TAKE UNILATERAL ACTION AFTER CONSULTATIONS TO PREVENT THE INTRODUCTION OF A FARE IT BELIEVES TO BE PREDATORY, DISCRIMINATORY OR AN ABUSE OF MONOPOLY POSITION. THERE- UNCLASSIFIED

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AFTER, ALTHOUGH EACH AIRLINE MUST CONTINUE TO FILE FARES IN ADVANCE OF INTRODUCTION, AND EITHER PARTY MAY EXPRESS DISSATISFACTION WITH A FARE FILING AND CALL FOR CONSULTATIONS, NEITHER PARTY MAY TAKE UNILATERAL ACTION TO PREVENT THE INTRODUCTION OR CONTINUATION OF A RATE OR FARE (IN OTHER WORDS, AIR FARES MAY BE DISAPPROVED ONLY BY AGREEMENT OF BOTH PARTIES). IN ADDITION, AIRLINES OF THIRD COUNTRIES MAY MATCH ANY AIR FARE OFFERED BY US OR ISRAELI AIRLINES.

2. THE US AND ISRAEL FURTHER AGREED TO HOLD CONSULTATIONS AT THE REQUEST OF EITHER PARTY: (1) IF EITHER GOVERNMENT CONCLUDES A MORE LIBERAL AIR TRANSPORT AGREEMENT WITH A THIRD COUNTRY; (2) TO NEGOTIATE, AT AN APPROPRIATE FUTURE TIME, AN ENTIRELY NEW AIR TRANSPORT AGREEMENT INCORPORATING THE SUBSTANTIVE PROVISIONS OF THE PROTOCOL; AND, (3) TO CONSIDER TRAFFIC RIGHTS FOR EL AL BEYOND THE US. ISRAEL AGREED TO IMMEDIATELY AUTHORIZE THE TWA APEX FARE FILED ON MAY 25, AND BOTH SIDES AGREED THAT TRUCKING OF CARGO WOULD BE PERMITTED TO GATEWAY CITIES ON A NON-DISCRIMINATORY BASIS. VANCE

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT, AGREEMENTS, REFERENDUMS  
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**Draft Date:** 24 jul 1978  
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**TAGS:** EAIR, IS  
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**Type:** TE  
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